

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7355**

**BILL NUMBER:** HB 1343

**NOTE PREPARED:** Feb 14, 2005

**BILL AMENDED:** Feb 14, 2005

**SUBJECT:** Student Nutrition and Physical Activity.

**FIRST AUTHOR:** Rep. Becker

**FIRST SPONSOR:**

**BILL STATUS:** CR Adopted - 1<sup>st</sup> House

**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **X FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) This bill has the following provisions:

(A) The bill requires school boards to establish coordinated school health advisory councils to develop a local wellness policy that complies with certain federal requirements.

(B) The bill requires the Department of Education to provide information concerning health, nutrition, and physical activity. The bill requires that foods and beverages available for sale to students outside the federal school meal programs must meet certain requirements. The bill provides that the requirements do not apply after school hours or fund raisers.

(C) The bill requires daily physical activity for elementary school students in public schools. The bill creates certain exceptions to the daily physical activity requirement.

(D)The bill allows a school to continue a vending machine contract in existence before the passage of the bill.

**Effective Date:** (Revised) Upon passage; July 1, 2005.

**Explanation of State Expenditures:** (Revised) (B) Under the bill, the Department of Education (IDOE) in cooperation with the Department of State Health would be required to give assistance to school advisory councils regarding health, nutritional, and physical activity. The assistance would include educational materials and professional development opportunities. The Department would likely be able to fund the costs associated with this proposal through a \$1.8 M grant received by the coordinated school health program from the Center

for Disease Control.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** (Revised) (A) Schools should not require additional expense to establish school health advisory committees, make committee appointments, and establish wellness polices. School boards would likely be able to establish the committees within the course of a regularly scheduled business meeting.

(C) Under the bill, schools would be required to provide daily physical activity for students in elementary school. The activity must be consistent with the curriculum and programs developed under current law and may include the use of recess. If recess were used to conduct physical activity under the bill, most elementary schools (kindergarten through fifth grade, and sometimes sixth grade) would not experience any impact to expenditures. Schools would not be required to provide alternative physical activity in times of inclement weather or other unplanned circumstances.

**Explanation of Local Revenues:** (Revised) *Summary:* (D) Contracts existing between school corporations and soft drink vendors on the effective date of the bill would be allowed to continue until their expiration date. Under the bill, when a contract expires, the school corporation would not be able to renew the contract and would have to comply with the food and beverage qualification provisions of the bill.

The bill would effect school corporations when their soft drink contracts expire. It is possible lost revenue from soft drink and food sales could be shifted to other beverages such as fruit juice or water (several major manufacturers of soft drinks also produce fruit and sports drinks). The specific impact to local revenue is indeterminable and would vary among school corporations by the revenue a school corporation currently retains from vending sales of soft drink and food during school hours.

*Background:* A sample survey indicates that several school corporations have entered into contracts with soft drink manufacturers. The contracts surveyed ranged from \$27,000 to \$230,000 of guaranteed money per year to offer the products of one exclusive manufacturer. Proceeds from the contracts are used by school corporations to fund school-related activities, including education foundations, student activities, teacher development, and extra-curricular activities (such as uniforms for sports teams). A surveyed school corporation was able to secure a sixty-acre plot of land with the proceeds of such a contract on which to build a new school facility.

Some corporations have contracts or agreements with more than one manufacturer. Contract amounts vary among the school corporations along with their carbonated beverage policy during school hours and other factors. The survey indicates that school corporations with a restricted access policy to soft drinks during school hours do have contracts with a manufacturer. Terms of an agreement may have a duration of three to over ten years depending on the contract. Other school corporations may not have exclusive contracts, however, they may allow the individual schools within the corporation to secure contracts.

**State Agencies Affected:**

**Local Agencies Affected:** School corporations.

**Information Sources:** Suzanne Crouch, Department of Education; School corporations responding to a

Legislative Services Agency survey.

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